

Message Text

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ORIGIN EB-08

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AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /130 R

DRAFTED BY EB/OT/GCP - ROBERT REIS
APPROVED BY EB/OT/GCP - SAHMAD
AF/W - DKILLION
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TO AMEMBASSY DAKAR
INFO USMISSION GENEVA
USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: PROPOSED SENEGALESE - US TREATY OF AMITY AND
ECONOMIC RELATIONS

REF: A) DAKAR 1051 B) 1976 DAKAR 7591 C) 1976
DAKAR 6096

1. UNDER SECTION 502(B)(3) OF THE TRADE ACT OF 1974, THE
PRESIDENT MAY NOT DESIGNATE A COUNTRY AS A GSP BENEFICIARY
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"IF SUCH COUNTRY AFFORDS PREFERENTIAL TREATMENT TO THE
PRODUCTS OF A DEVELOPED COUNTRY, OTHER THAN THE UNITED
STATES, WHICH HAS, OR IS LIKELY TO HAVE, A SIGNIFICANT
ADVERSE EFFECT ON UNITED STATES COMMERCE, ..." IN
DRAWING UP THE LIST OF GSP BENEFICIARIES, THE WASHINGTON
AGENCIES INVOLVED AGREED THAT SENEGAL'S SYSTEM OF
REVERSE PREFERENCES, BECAUSE OF ITS PRODUCT COVERAGE AND

EXEMPTIONS, DID NOT HAVE SIGNIFICANT ADVERSE AFFECT ON US COMMERCE. ACCORDINGLY, SENEGAL WAS DESIGNATED A BENEFICIARY.

2. THE UNITED STATES CONSIDERS GSP A UNILATERAL, TEMPORARY GRANT TO THE DESIGNATED LDCS. WE HAVE REQUIRED NO CONCESSIONS IN RETURN FOR GSP. THE GATT WAIVER WHICH PERMITS GSP RUNS OUT IN 1981 AND THE US STATUTORY

AUTHORITY FOR GSP LAPSES TEN YEARS AFTER ENACTMENT DATE OF THE TRADE ACT. THE TRADE ACT PROHIBITS BENEFICIARY PRIVILEGES TO CERTAIN COUNTRIES SUCH AS OPEC MEMBERS, THOSE WHICH EXPROPRIATE US PROPERTY WITHOUT APPROPRIATE COMPENSATION, AND THOSE WHICH HARBOR TERRORISTS. COUNTRIES ARE ALSO INELIGIBLE IN CERTAIN CIRCUMSTANCES SUCH AS WHEN THE COMPETITIVE NEED LIMITATIONS ARE EXCEEDED OR WHEN DAMAGING PREFERENCES ARE IN EFFECT. ACCORDINGLY, THE UNITED STATES COULD NOT OFFER A LEGAL COMMITMENT TO SENEGAL THAT ITS PRODUCTS WILL BE ELIGIBLE FOR GSP INDEFINITELY.

3. THE EMBASSY SHOULD DESCRIBE TO FINANCE MINISTER BABACAR BA THE UNILATERAL, TEMPORARY AND CONTINGENT NATURE OF GSP. YOU SHOULD NOTE THAT THE ABSENCE OF DAMAGING REVERSE PREFERENCES IS A PREREQUISITE FOR DESIGNATION AS A GSP BENEFICIARY AND THAT SENEGAL WAS DESIGNATED BECAUSE ITS PREFERENCES WERE DEEMED NOT SIGNIFICANTLY HARMFUL. YOU SHOULD EXPLAIN THAT BECAUSE GSP IS AN UNILATERAL GRANT WITH A NUMBER OF SPECIFIC LIMITED OFFICIAL USE

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LEGISTATED STIPULATIONS, THE US IS UNABLE TO MAKE IT THE SUBJECT OF BILATERAL AGREEMENTS. YOU MAY OBSERVE THAT THE SENEGAL-JAPN AGREEMENT WHICH GRANTS MFN TREATMENT TO JAPAN IS NOT AN APT MODEL FOR AN AGREEMENT WITH THE US SINCE EXCEPT FOR THE EC PREFERENCES SENEGAL ALREADY GIVES THE US MFN TREATMENT. FURTHERMORE, ACCORDING TO REF B, JAPANESE MADE NO GSP COMMITMENT SIMILAR TO WHAT BA ASKS OF US. IF BABACAR BA ASKS ABOUT THE PERMANENCE OF SENEGAL'S DESIGNATION AS A BENEFICIARY, YOU SHOULD STATE THAT SHOULD THE SENEGAL'S NEW PREFERENCE SYSTEM CALL INTO QUESTION USG'S EARLIER FINDING RE SENEGAL'S REVERSE PREFERENCES AND SHOULD SENEGAL'S NEW PREFERENCES SYSTEM THEN BE DETERMINED TO HAVE SIGNIFICANT ADVERSE AFFECT ON US COMMERCE, SENEGAL WOULD HAVE TO BE ELIMINATED AS A GSP BENEFICIARY. YOU SHOULD URGE THAT SENEGAL ELIMINATE ITS PREFERENCES TO PRECLUDE ANY QUESTIONING OF ITS DESIGNATION. YOU SHOULD ALSO POINT OUT TO BABACAR BA THAT WHILE SENEGAL IS CURRENTLY ELIGIBLE FOR GSP, IT WILL GET NO

PRACTICAL ADVANTAGE FROM THE PROGRAM UNLESS IT
ESTABLISHES THE PROPER CERTIFYING PROCEDURES USING
UNCTAD FORM A AND NOTIFIES THE US WHO THE
CERTIFYING AUTHORITIES ARE.

4. STANDARDIZATION OF THE DROIT DE DOUANE AT 5 PERCENT
FOR THE EC AND 10 PERCENT FOR OTHER INDUSTRIALIZED
COUNTRIES INCLUDING THE US MAY RESULT IN VIOLATION OF

SENEGAL'S GATT OBLIGATIONS. THE INFORMATION AVAILABLE
IN WASHINGTON INDICATES THAT A WIDE RANGE OF GOODS
CURRENTLY HAVE THE DROIT DE DOUANE RATES BOUND AT
LEVELS UNDER 10 PERCENT AS A RESULT OF PAST TRADE
NEGOTIATIONS. WE REQUEST THAT THE EMBASSY ASK
SENEGALESE TRADE OFFICIALS WHETHER THEY GAVE CONSIDERATION
TO THESE BINDINGS WHEN THEY CHANGED DROIT DE DOUANE
RATES AND WHETHER THEY WILL OFFER COMPENSATION TO
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COUNTRIES NOW FACING HIGHER THAN BOUND RATES.

5. PARAGRAPH 3 OF DAKAR 1051 INDICATES THAT SENEGAL'S
DROIT DE DOUANE PREFERENCE FOR THE EC POTENTIALLY
COULD DAMAGE US EXPORTS BUT THAT IN FACT DUTY EXEMPTIONS
MITIGATE THE DAMAGE. REQUEST THAT THE EMBASSY PROVIDE
THE DEPARTMENT WITH AN ANALYSIS OF THE LIKELY EFFECT
OF THE NEW PREFERENCE SYSTEM ON US EXPORTS TO
SENEGAL. PLEASE INDICATE SHARE AND NATURE OF US
EXPORTS EXEMPT FROM DUTIES OR SUBJECT TO REDUCED
RATES AND SPECIFY REDUCED RATES IF POSSIBLE. REQUEST
EMBASSY ALSO ASCERTAIN IF GOODS CURRENTLY EXEMPTED
FROM DROIT DE DOUANE, REGARDLESS OF SOURCE WILL REMAIN
EXEMPT. PLEASE INDICATE EFFECTIVE DATE OF NEW RATES
AND POUCH COPIES OF RELEVANT DOCUMENTS WHEN THEY ARE
AVAILABLE.
VANCE

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Message Attributes

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